



STATE OF IOWA

CHESTER J. CULVER, GOVERNOR
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DEPARTMENT OF HUMAN SERVICES
EUGENE I. GESSOW, DIRECTOR

INFORMATIONAL LETTER NO. 783

TO: All Rebase and Out-of-State Iowa Medicaid Hospitals

ISSUED BY: Iowa Department of Human Services, Iowa Medicaid Enterprise (IME)

RE: Outpatient Hospital EOBs

DATE: February 23, 2009

EFFECTIVE: February 25, 2009

The Iowa Medicaid program implemented the ambulatory payment classification (APC) methodology for outpatient services on October 1, 2008. The outpatient hospital payments are based on Medicare's Outpatient Prospective Payment System (OPPS) APC's and relative weights and are updated annually effective January 1, using the most current calendar update as published by CMS. In addition, the outpatient hospital rebase will be completed effective January 1, 2009 and every three years on January 1 instead of October 1 to reflect the Medicare update schedule.

With the transition to APCs, hospitals were notified that they should follow Medicare billing guidelines. To assist hospitals with claims processing, an Iowa Medicaid specific "Addendum B" and a listing of Outpatient Coding Editor (OCE) edits were posted on the IME website. However due to system limitations, IME was not able to create a one-to-one relationship between the Medicare OCE edits and the Iowa Medicaid MMIS edits. Due to this limitation, there are many conditions that cause the 817 denial code to appear on the claim and it has been very difficult for providers to identify the specific issue on the claim that caused the denial.

On January 20, 2009, the MMIS was updated with the new APC grouper version and APCs and relative weights that were effective January 1, 2009, published as final by CMS on November 18, 2009. Since that time IME has been evaluating the reasons that cause the 817 denial code to post to determine if creating a few new edit code descriptions to apply to the claims that are currently receiving the 817 denial code would alleviate the problem. Based on our analysis, there are seven reasons that are causing approximately 90% of the claims to post the generic 817 edit. **Therefore, IME is adding the following EOBs where the APC Grouper Error number in the EOB description refers to the Medicare OCE edit number. Providers can expect to see the following edit codes on remittance advices dated February 25 and forward.**

EOB	EOB Description
841	Error blank from APC Grouper - often happens when there are not payable lines
842	APC Grouper Error 001 - invalid diagnosis code
843	APC Grouper Error 005 - E-diagnosis code can not be used as principal diagnosis
844	APC Grouper Error 006- invalid procedure code
845	APC Grouper Error 017 - inappropriate specification of bilateral procedure
846	APC Grouper Error 042 - multiple medical visits on same day with same revenue code without condition code G0
847	APC Grouper Error 048 - revenue center requires HCPCS

An updated Medicaid OCE Edit file is available on the IME website at <http://www.ime.state.ia.us/Providers/OutpatientHospital.html>. In addition the IME will be updating the Iowa Medicaid Status Indicators file and the Medicaid Addendum B that are posted on the IME website to reflect new procedure codes and OPSS APC changes effective January 1, 2009.

Outpatient Hospital Rebase Effective January 1, 2009

The IME continues work on the outpatient hospital rebase. On January 30, 2009, IME mailed to each hospital a copy of their outpatient hospital cost calculations from their base year cost report requesting that they review the information for accuracy. The state plan amendment was submitted to CMS on December 8, 2008. The IME has not received any questions from CMS at this time. If you have any questions concerning these calculations, please contact Lesley Beerends at 515-725-1108 or lbeerend@dhs.state.ia.us.

The IME appreciates your partnership as we work together to serve the needs of Iowa Medicaid members. If you have any questions, please contact IME Provider Services, telephone 1-800-338-7909, locally 515-725-1004 or by e-mail at: imeproviderservices@dhs.state.ia.us.